

The economics of happiness

BY ADAM FORREST
STREET NEWS SERVICE

We all like the idea of progress, and the instinct is coiled no more tightly than in the troubled world of work and money. The deeper this recession, the stronger the urge to spring back into action; to turn all those falling arrows, lines and numbers upward; to spread our wings and fly again. The narrative of economic expansion demands normal service be resumed as quickly as possible.

Yet an increasing number of economists are daring to wonder if we've got growth all wrong. Researchers agree that people in Britain and the U.S. are no happier than they were at the beginning of the post-war recovery of the 1950s, despite the longest, largest boom in the history of wealth creation.

Across the western world, depression and mental health problems are on the rise, inequality is becoming more pronounced, and a generation of young adults find themselves the first in a long time facing fewer opportunities and less prosperity than their parents.

"Growth simply doesn't bring increases in happiness for us," says Richard Wilkinson, co-author of "The Spirit Level," a recent study comparing health and happiness around the globe. "In developing countries it can still bring advances, but it's very clear that developed countries have got to the end of what economic growth can do for them."

To understand our damaging obsession with growth over well-being, we need to confront the high priest of economic performance: GDP. The concept of gross domestic product began in Roosevelt's America as a method of measuring the success of policies to boost production and consumption during the Great Depression.

GDP assumes that by increasing the goods and services in circulation, general welfare will automatically follow, but output has ceased to reflect the quality of our lives. In western economies in which wages have stagnated, pensions have shrunk or disappeared and income disparity has increased, GDP is no longer of any great use in measuring progress in the largest sense.

There already have been numerous attempts to measure well-being alongside the wealth of nations (the tiny mountain kingdom of Bhutan famously introduced Gross National Happiness in the 1970s), by looking at life expectancy, inequality, crime rates or environmental factors. Efforts to push some of these indexes higher up the agenda are beginning to gather steam.

The French president Nicolas Sarkozy



recently appointed a commission to come up with a better overall indicator than GDP, led by two Nobel laureates, Amartya Sen at Harvard and Joseph Stiglitz at Columbia.

"GDP is not a good measure," says Stiglitz, noting that politicians do not have enough of an incentive to increase the well-being of the citizenry. "If you improve the quality of life, but it doesn't show up in more material consumption, it doesn't show up in GDP, and you'll be criticized."

In other words, our society is geared toward pleasing a false god. Or as Nic Marks, of the New Economics Foundation puts it: "If you have the wrong map, you are unlikely to reach your destination."

So what would a more detailed, more meaningful map look like? According to Wilkinson, greater equality should be the primary focus in ensuring a happier, healthier world. His work suggests everything from violent crime rates to rising levels obesity, addiction and teenage

pregnancy can be linked to the widening gap between rich and poor. "A whole host of bad things correlate with inequality, and all the trends carry on getting worse in more unequal societies."

"There are powerful interests who don't want to change the world-view, especially when there's so much pressure right now to get things back to normal."

— PETER VICTOR
AUTHOR, "MANAGING WITHOUT GROWTH"

Britain and the U.S. are at the wrong end of the equality spectrum, and too often remain the models for progress when other countries provide more enlightened policies. "You can get greater equality in different ways," Wilkinson says. "Sweden does it through taxes and redistribution,

whereas Japan insists upon much smaller income differences before you get to that stage, so you don't actually need to spend huge amounts on welfare.

"Japanese directors would take pay cuts to prevent people losing their jobs further down. It's a big difference from our culture where there's less idea of shared wealth. But people are getting angry about the huge wealth of a relatively few, and they're right to be."

Richard Layard, the LSE professor at the forefront of happiness economics, agrees the next stage of civilization should be geared toward better social relations, particularly when it comes to health. "We should stop the worship of money and create a more humane society where the quality of human experience is the criterion," says Lord Layard, who is pushing the government to provide various psychological therapies on the NHS.

"Beyond subsistence, the best experience any society can provide is the feeling that other people are on your side."

If this all sounds very cozy, it must be remembered how bold it is to ask that we take the foot off the accelerator of growth, especially at a time when a shrinking economy equates to millions losing their jobs.

Peter Victor, an environmental economist and author of a book called "Managing Without Growth," thinks climate change leaves us without little choice but to slow down. Nature will not support more people producing more stuff and ever-increasing rates.

"You could look at the focus on growth as a phase in our society, and the next phase needs to be stability," says Victor, who notes that growth has failed to wipe out poverty or unemployment. He thinks more sustainable societies could share labor around, meaning working fewer hours and more leisure time.

"It's difficult to get across that you can still live well without growth; people want to assume green technology is only useful if it continues to grow GDP. There are powerful interests who don't want to change the world-view, especially when there's so much pressure right now to get things back to normal."

If we want a society geared toward happiness, the greatest conceit we have to overcome may be the idea of staying ahead of the competition. "We have to ask ourselves," says Victor, "why is it so important to stay ahead of the Chinese and Indians? Shouldn't we be pleased at some people being lifted out of poverty?"

"I was trained as an economist and I'm trying to wean myself off these old assumptions. Let's worry about the things that matter."

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Home

by Patricia Addams

The cat looks at me imploringly
Mama, is this all we got?
I check to see
if her food is bad
and it smelled awful good to me.
Decided it was time to call them
10-year-old split peas lentils.
So I cooked them puppies
surveyed my choices
ate the beans
but the cat food smelled
like it would've tasted better.
Power mongers are famous for
getting their nuts
by watching people
eat their pride.
No, it doesn't rhyme,
but it's still not art -
I would offer a chair if I had one -
this is my home.

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